

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PM-03 H-01 L-02 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 SAM-01 IO-10 OMB-01 /080 W

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R 281219Z FEB 75

FM AMEMBASSY LISBON

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E.O. 11652: N/A

TAGS: ELAB, PO

SUBJ: LABOR PROBLEMS: FORD LUSITANA

SUMMARY: A DEMAND TO FIRE TWO PORTUGUESE MEMBERS OF FIRM HAS EMBROILED FORD'S PORTUGUESE SUBSIDIARY IN A POTENTIALLY SERIOUS LABOR DISPUTE. END SUMMARY.

1. FORD LUSITANA S.A.R.L., WHOLLY-OWNED SUBSIDIARY OF FORD MOTOR COMPANY, HAS RECEIVED DEMAND FROM ITS WORKERS THAT IT "PURGE" TWO PORTUGUESE OFFICIALS OF FIRM. WORKERS CHARGE THAT FIRM'S LAWYER, WHO IS ON EMBASSY'S LAWYERS LIST, AND PERSONNEL MANAGER HAD TIES TO PIDE/DGS AND SHOULD BE IMMEDIATELY FIRED. LATTER HAS BEEN ARRESTED AND IS BEINGHELD IN CAXIAS PRISON WITHOUT CHARGES.LAWYER HAS LEFT PORTUGAL AND IS REPORTEDLY IN U.S.

2. FORD MANAGING DIRECTOR STATES THAT CHARGES BASED ON "PROTECTION" PAYMENTS, FROM COMPANY FUNDS,MADE BY OFFICIALS ON BEHALF OF COMPANY TO PIDE/DGS WELFARE FUND. SIMILAR PAYMENTS WERE MADE BY LARGER FIRMS. OFFICIALS ARE UNDER INVESTIGATION BY GOP COMMISSION ESTABLISHED TO TRACK DOWN EX-MEMBERS OF PIDE/DGS AND PORTUGUESE LEGION; BUT WORKERS UNWILLING AWAIT DECISION OF OFFICIAL INQUIRY.

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3. FORD HAS AGREED TO SUBMIT DEMAND FOR IMMEDIATE FIRING TO AD HOC ARBITRATION BOARD COMPOSED OF WORKERS, FORD MANAGEMENT AND AFM OFFICER APPOINTED BY LABOR MINISTRY. FORD DECISION TO SUBMIT TO ARBITRATION PARTIALLY BASED UPON ORAL ASSURANCE THAT OFFICIALS WOULD HAVE RIGHT TO DEFEND THEMSELVES. THIS RIGHT NOW SOMEWHAT PROBLEMATIC AND FORD HAS SECOND THOUGHTS ABOUT ARBITRATION PROCEDURE. ARBITRAL DECISION EXPECTED BY MARCH 7 ALTHOUGH FORD MAY RENOUNCE PROCESS BEFORE.

4. WORKERS PUBLICLY DEMONSTRATED AT FORD FACILITIES ON FEBRUARY 21. DEMONSTRATION GIVEN WIDE COVERAGE BY PRESS, RADIO AND TV. THUS FAR THERE HAS BEEN NO VIOLENCE AND PRODUCTION CONTINUES.

5. FORD MANAGING DIRECTOR CONCERNED ABOUT DEMORALIZING AND INTIMIDATING EFFECT ON REST LOCAL MANAGEMENT AS WELL AS WORKER'S INTERFERENCE WITH MANAGEMENT'S PREROGATIVES. HE ALSO GENUINELY CONCERNED ABOUT HUMAN RIGHTS OF PERSONNEL MANAGER WHO HAS BEEN IN PRISON MORE THAN TWO WEEKS. FIRM, ACCORDING TO DIRECTOR, ALREADY IN DIFFICULT ECONOMIC CIRCUMSTANCES WITH PROJECTIONS FOR NEXT FIVE YEARS SHOWING NO PROFITS. HE ADDS THAT FORD WILL CONSIDER SHUTTING DOWN OPERATIONS IN PORTUGAL SHOULD THE POOR ECONOMIC OUTLOOK BE AGGRAVATED BY PROBLEMS SUCH AS THIS ONE.

6. COMMENT: AT THIS TIME EMBASSY BELIEVES DISPUTE WILL BE RESOLVED WITHOUT RESORT TO DRASTIC MEASURES SUCH AS PLANT CLOSING; ALTHOUGH IT WILL PROBABLY ENTAIL DISMISSAL OF AT LEAST PERSONNEL MANAGER. HOWEVER, SHOULD WORKERS' DEMANDS ESCALATE OR PRESSURE BE EXERTED AGAINST OTHER PORTUGUESE PERSONNEL, FORD WILL NOT HESITATE TO HARDEN ITS POSITION. IN FACT, IT HAS ALREADY TAKEN MEASURES TO COUNTER INCREASED LABOR PRESSURE. EMBASSY HAS INFORMED FOREIGN MINISTRY OF CASE AND WILL CONTINUE REMAIN ABREAST OF SITUATION.
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Message Attributes

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Disposition History: n/a
Disposition Reason:
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